HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Government Operations and Estimates

OGGO • NUMBER 125 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Tuesday, April 17, 2018

Chair

Mr. Tom Lukiwski

Standing Committee on Government Operations and Estimates

Tuesday, April 17, 2018

● (1100)

[*English*]

The Vice-Chair (Ms. Yasmin Ratansi (Don Valley East, Lib.)): We have a quorum, and I'd like to start immediately. As you know, there might be bells ringing within the next half-hour.

We have before us Ms. Jessica McDonald, chair of the board of directors of Canada Post. This is an OIC appointments process that you will be asking questions on.

Ms. McDonald, pardon us if we have to run out. It's nothing against you. We'd like to welcome you. We are happy to see that Canada Post has new management.

With that, please go ahead with your opening remarks.

Ms. Jessica McDonald (Chair of the Board of Directors and Interim President and Chief Executive Officer, Canada Post Corporation): Good morning. Thank you to the chair and to all committee members for inviting me to join you today. I am very pleased to have the opportunity to introduce myself and also to take any questions that you might have regarding my appointment and Canada Post.

I want to start by saying that I consider it to be a great honour and a tremendous responsibility to take on this position. My interest in applying for the position came from a number of principles that are important to me and that have also influenced each step of my career: a deep respect for public service; a belief that you can solve tough challenges by bringing people together to find common ground and a shared vision; a belief that you can make organizations stronger by supporting and enabling employee engagement; and, a desire to make a personal contribution to Canada and continually grow my own connection to our country.

Like every Canadian, I have tremendous respect for the postal service as an institution and for all of its workers. I was born in a small town in northern British Columbia. I was raised in both rural and urban settings. I raised my own child on a rural route. Today, I live in a densely populated area of downtown Vancouver. I've had the good fortune to travel to almost every part of the country. I've experienced many diverse and unique aspects of our culture. Throughout my life, I've seen first-hand the many different ways that we all rely on public services. In addition to making a contribution to Canada through this role, I look forward to growing as a Canadian, including becoming fully bilingual and making new connections in different places with different people.

Canada Post plays an essential role in our lives and our communities. It touches each of us every day through the delivery of our mail and parcels. It has an equally important positive presence through its mail carriers and storefronts throughout the country. Its rich and proud history as an institution older than the country itself has made its mark in defining Canada, and today it remains essential in supporting our businesses to grow and succeed.

Canada Post is also at a very critical stage. The way we communicate with each other, the way we do business with each other, and the way we choose to receive public services are all changing more rapidly than ever, and Canada Post is needed as much as ever to support us in these interactions and to serve as a connecting presence in our communities. I'm very excited to bring my career experience as well as my personal outlook to Canada Post at this particular time.

I've had the opportunity to spend most of my career—over 25 years—in the public service. For me, the journey started 35 years ago when I was in high school and was selected to serve as a page in the British Columbia legislature. After graduating from university, I was selected to be a legislative intern in the legislature. Following that experience, I began my career as a unionized employee in the provincial government. As someone who grew up with a curiosity about public policy issues, these first-hand experiences were an incredible front-row seat, enabling me to understand the impact that public service can have on people and the communities they live in.

I've had the opportunity to serve in many roles during my time with the British Columbia government while working at all levels. Later on, from 2005 to 2009, I served as deputy minister to the premier, cabinet secretary, and head of the B.C. public service. I was responsible for overseeing all aspects of government operations.

At the time, the B.C. government had 36,000 employees and a $37-billion budget. During my term, I managed massive government-wide budget reductions due to the global economic crash, and I led the implementation of a groundbreaking cross-government climate action agenda. I was also fortunate to lead landmark discussions, including the negotiation of a new relationship between the B.C. government and first nations.

I worked very closely with people at all levels of the public service to lead a transformative human resources program. As in any organization, there were different viewpoints, priorities, and agendas. We were able, though, to bring everyone together and define a vision that resulted in meaningful change. I continue to be extremely proud of this work, because we improved employee engagement by 10 points in just the first three years. The B.C. public service was also recognized for the very first time as one of Canada's top 100 employers, one of Canada's greenest employers, and one of Canada's top 25 family-friendly employers.

● (1105)

More recently in my career, I served as president and CEO of BC Hydro, British Columbia's largest crown corporation, a clean-energy utility generating 98% renewable and clean power. It's also one of the Canada's largest energy companies, integrating every aspect of energy planning and production, transmission and distribution, customer service, and supplier partnerships.

At the time, the utility was beginning to face a historic challenge: to deliver its largest ever capital expansion and refurbishment for the future, while keeping rates for users amongst the lowest in North America. The same principles I referred to earlier guided the corporation through these challenges: resolving issues by finding common ground, keeping employees engaged, and remembering that our primary responsibility was to serve the public by providing reliable and affordable energy.

During my time there, BC Hydro was named Canada's number one top employer by Forbes and the most influential brand in B.C., following a full brand refresh.

I also understand the value of good governance and the important role a board of directors plays in providing oversight and guidance. It has been my privilege to serve on a variety of boards, including as chair of the board of directors of Powertech Labs, board director of Powerex, and vice-chair of the Insurance Corporation of B.C., as well as serving on a couple of boards of publicly traded companies. I am also a member of the B.C. Arbitration and Mediation Institute, the Alternative Dispute Resolution Institute of Canada, and the Institute of Corporate Directors of Canada.

As I described, I have served the public in a unique progression of different non-partisan roles: in program delivery, as the head of the public service, from the top of crown corporation management, and on the board of multiple crown corporations and subsidiaries. I believe my career has been uniquely relevant to my current role as chair of the board of directors at Canada Post. I am truly honoured to have the opportunity to bring my experience to the challenges and opportunities before Canada Post today.

Following an extensive consultation process, the Government of Canada has instructed Canada Post to set a new path forward to meet the changing needs of Canadians while continuing to provide the high level of service that individuals and businesses expect and rely on.

I want to recognize and acknowledge the work this committee has undertaken—which I have become very familiar with—to help form the renewed vision for Canada Post. I know that the full complexity of the issues before it were studied and debated, taking into account the many perspectives of customers, communities, employees, and many others.

The mandate I have now been given centres on a new emphasis of service and accessibility and on working constructively and collaboratively with employees to find innovative solutions that support the corporation's long-standing mandate to remain financially self-sustaining.

Anyone who has followed the progress of Canada Post knows that challenges still remain. However, we have an opportunity in the next few years to set a new path at all levels of the organization that will help us to implement this new service-based vision and to get long-term renewal right.

If you have shopped online recently, you know that most of your shopping is delivered by Canada Post. While mail has continued to decline, the corporation and its employees have been working hard to adapt to the changing needs of Canadians. Great service has led to growth in parcels, making Canada Post the first choice of Canadians who need online purchases delivered.

That means the financial position of the corporation in the near term is positive. Guided by solid and thoughtful leadership, this will provide the breathing space needed to find innovative solutions for the changing work environment, to be competitive in the evolving landscape of e-commerce, and to work together to build a vision for the future.

As we undergo a transition in leadership of Canada Post, a new CEO will be key to leading the corporation forward. An open and competitive search process is well under way. As well, with many board members' terms ending, several new directors will be appointed in the coming days after applying through an open process. They will represent broad interests from across the country.

As Minister Qualtrough stated in her open letter after the government announced its vision:

> ...achieving long-term renewal requires a constructive relationship between the Corporation, its workers and the communities in which it operates. This will take time, and a deep commitment to renewal on the part of both management and labour.

I fully agree. Ensuring a strong future for this institution will require a deep commitment from everyone.

We have challenges to address and opportunities to embrace. The principles that got me to this point—respect for public service, finding common ground, and engaging employees—will continue to guide me as chair.

I thank the government for this incredible opportunity and role, which I undertake with respect for and pride in the past, and optimism for the future. I would be happy to take your questions.

● (1110)

The Vice-Chair (Ms. Yasmin Ratansi (Don Valley East, Lib.)): Thank you very much. We'll go with a first round of seven minutes.

Mr. Drouin.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Thank you, Madam Chair.

Congratulations on your appointment. As I can see from your title, you're assuming double duties right now. It must be quite the task. I've been reading a bit of your bio. You have quite an interesting biography.

Can you elaborate a little on what your vision is for Canada Post? How do you see it in the next two, three, four, and five years?

Ms. Jessica McDonald: As I mentioned in my remarks, I think it's very important to take the opportunity in the near term to define a new path forward. We now have several years of positive financial results. That does give breathing space for the corporation to think about how to move forward.

I think it is very important that we engage with employees, as well as the customers we serve, in terms of how we can improve service delivery moving into the future. We need to focus on ensuring that we have a respectful and productive workplace for employees. We need to ensure that we are defining the solutions to be competitive in this very disruptive world of changing e-commerce and changing the way we communicate with each other.

Canada Post and all of its employees have done a very successful job over the past few years of capturing a very strong position in the parcels business. We need to ensure that we maintain that, but it's not a static situation. We need to continue to look at how to remain competitive, how to continue to grow services that customers are looking for, and how to ensure that over the very long term we continue to maintain our situation of being financially self-sustainable.

Mr. Francis Drouin: I'm glad to hear that you're wanting to engage with employees. Over the past two years, I've had a lot of conversations with some of the unions that represent some of the employees at Canada Post, and I think, given the past five to 10 years, it's something that.... Politicians have had a lot of pressure. I think that we do need to engage employees and the relationship between management and employees does need to improve, so I'm glad to hear you say that.

Speaking of that, how would you plan to improve labour relations? I'm assuming you've had experience in doing that, having served in the public service before.

Ms. Jessica McDonald: Absolutely. As you mentioned, I've been in a short-term double-duty role, but I've been in my position of chair since December. I have connected personally directly with the heads of each of the unions. I am spending time talking to them about their interests and understanding deeply what their perspectives are. I believe in an open workplace where employees have an opportunity to raise issues and to be part of the conversation in terms of how the workplace needs to improve in some cases, but also to evolve and adapt so that it is a productive and respectful place for employees to work.

My belief is that we need to have open dialogue. We need to be willing to open conversations, to make sure we're hearing clearly, and to make sure we're always truly willing to adapt our processes and systems so that employees have an active voice in how the workplace feels and how their careers evolve.

Mr. Francis Drouin: You've mentioned the fact that it is a fast-changing world and that in the parcels business there's a lot of competition out there. Critics would say that if you have unionized employees it's impossible to pivot quickly. What would you respond to them?

● (1115)

Ms. Jessica McDonald: I don't think that's true. It's a matter of having an open and meaningful conversation.

I actually have spent quite a bit of time reading the submissions—not all, but many—that came before this committee, as well as this committee's report. I think there's a lot of thoughtful perspective in all of that. I was impressed in particular with the creativity of the union submission. As long as we're willing to have an open and honest dialogue, candidly, about perspectives and opportunities, I'm full of optimism in terms of how we can evolve as a corporation to be financially self-sustaining but, more than that, actually competitive.

Being competitive is really another way of saying that your customers believe you're delivering a very high degree of service. I see no indication that a unionized workforce pulls in the other direction. In fact, I see a lot of potential for quite the opposite.

Mr. Francis Drouin: You've mentioned that right now there is a competitive search process for the new CEO. Approximately when do you expect to appoint or hire that new CEO?

Ms. Jessica McDonald: As you know, it's a Governor in Council appointment, so while I'm part of the search process, the timing is not in my personal control. The search window was actively open through to about the middle of March. We are in the interviewing stage for candidates, and it's fair to say, as a reflection of where we stand today, that the search process is well under way. While I'm not in control of the exact timing, I expect it to be in the very near term that there'll be a new CEO.

Mr. Francis Drouin: That's great. Thank you.

I have one minute. Maybe you can talk to me about how you would apply your previous experience to what you're seeing at Canada Post. Have you gone through transformational changes at BC Hydro, Powertech Labs, or the other places where you've worked?

Ms. Jessica McDonald: Yes, very much so. I think BC Hydro is a great example. At the time, a whole new capital plan was being introduced to an organization not that much smaller in revenues than Canada Post, to be honest with you. We were getting close to $6 billion in annual revenues. It's a massive corporation that has tremendous responsibilities to deliver day-to-day service to British Columbians.

The idea of suddenly taking on a capital plan that would extend over 20 years or more and spending about $2 billion a year in expansion and refurbishment was a massive undertaking, both in ensuring that we could do it within a set rates program and continue to keep rates among the lowest in North America and in readying a workforce to drive that forward.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you very much.

Mr. McCauley, you have seven minutes.

Mr. Kelly McCauley (Edmonton West, CPC): Welcome. Congratulations on your appointment.

I want to follow up on Mr. Drouin's question about hiring the new CEO. How involved are you? You are the chair and interim president, yet you say you're not in control of that. I find that odd.

Ms. Jessica McDonald: Well, it is a Governor in Council appointment, so the—

Mr. Kelly McCauley: What is the extent of your involvement in the choice of a new CEO?

Ms. Jessica McDonald: I've been fully involved in the position description, the qualifications, and the skills and experience that ideally we would be looking for in the new CEO. I've been fully involved in the path of the search process and how it reached internationally in terms of how it was advertised internationally. I was part of all of those discussions and have been—

Mr. Kelly McCauley: Will you or the board be involved in the final decision-making or the final vetting of the final candidates?

Ms. Jessica McDonald: I am involved today as a board member in the vetting of candidates and in the interview process, yes.

Mr. Kelly McCauley: Okay. It just seemed that in your answer to Mr. Drouin you weren't very clear on the process or how far along we were on choosing the CEO.

Ms. Jessica McDonald: I apologize. The search process was under way—

Mr. Kelly McCauley: Ballpark, how long will it be? One month? Six months?

Ms. Jessica McDonald: While we're in the interview process, I think it would be inappropriate for me to suggest that I know exactly when we will decide which of the candidates is the successful one. I do think that in the very near term there will be a new CEO at Canada Post.

Mr. Kelly McCauley: How many board positions are open right now?

Ms. Jessica McDonald: There are nine board positions, in addition to the CEO and chair, so there are 11 as a whole, but two are spoken for in those positions. All but one of them has an expired term, so eight positions could potentially be reconfirmed or with new board members.

● (1120)

Mr. Kelly McCauley: Can you update us on where we are on filling those positions, either in reappointing or in filling them?

Ms. Jessica McDonald: As I said in my opening remarks, I expect that the government may announce new board members in the coming days.

Mr. Kelly McCauley: Okay.

As chair of the board, what will your oversight or your involvement be in the appointing of new board members?

Ms. Jessica McDonald: Just as with the CEO process, I had a role in reviewing the applications that came in from across the country—

Mr. Kelly McCauley: Have you been reviewing or in discussions with the government about either extending the current board or interviewing new board people?

Ms. Jessica McDonald: If I could, I'll just answer the question. I was fully involved in the review of—

Mr. Kelly McCauley: No. I'm talking about the new board people or the extensions, please.

Ms. Jessica McDonald: Yes, all the positions that are open were subject to applications and interviews. Those include the ones where there's a potential for an incumbent board member to be reappointed, so what I'm trying to articulate is that I was involved in that as well as the new individuals from across Canada who were applying in the process. I was part of the interview process as well as the initial screening.

Certainly, my thoughts were contributed as part of the final selection committee's views as the letter was submitted to the minister in terms of the list of individuals who she may want to consider in terms of them being qualified and suitable for those positions. At that point, it becomes the minister's and cabinet's decision.

Mr. Kelly McCauley: We do have qualified candidates who are ready to be appointed, correct?

Ms. Jessica McDonald: Yes. As I say, I believe the government may appoint in the coming days.

Mr. Kelly McCauley: Wonderful. That's good to know.

I'm sure you've read the task force report, "Canada Post in the Digital Age", as well as the report by the committee—

Ms. Jessica McDonald: Yes, on the path forward.

Mr. Kelly McCauley: I hope you read the dissenting report as well.

There were very specific concerns presented by the task force. Are you in agreement with those in the Ernst & Young report on going forward, the finances, and the other issues and recommendations of the task force?

Ms. Jessica McDonald: Yes, as I said in my remarks, I have read a lot of the material that came before the committee, as well as the committee's report.

My focus now is on the mandate letter that I've received from the minister. That provides my instructions going forward. I am very much looking forward to moving those directions forward for Canada Post.

Mr. Kelly McCauley: The task force is very specific, though. What Ernst & Young and the task force put forward was that eight years from now, I think, we'll be looking at an operating deficit of three-quarters of a billion dollars and a cash deficit of $3 billion, which is a very stark, difficult issue.

The mandate letter and the instructions from the government don't address any of these financial issues. As chairman of the board, are you concerned with that at all?

Ms. Jessica McDonald: I actually feel that there is a lot of opportunity in the mandate letter that I've received from the minister.

Mr. Kelly McCauley: Such as...?

Ms. Jessica McDonald: Such as defining collaboratively the path forward. The letter speaks to me in terms of some very specific directions, with accessibility being one and improving remittance services being another, for example, but also in terms of working collaboratively to define the path forward.

We've had several years of positive financial results. As I've spoken to, I believe that gives us breathing room to identify the opportunities going forward, both in terms of ensuring that we have a productive and respectful workplace and also in ensuring that we're maintaining and capturing further our position in the competitive landscape of e-commerce.

Given that we do have positive financial results over the past few years and that this trend is anticipated to continue, I think we have both the breathing room and the right foundation to build on.

Mr. Kelly McCauley: Thanks.

You say they're "anticipated to continue". For how long would that be? Are these audited forecasts or are these from...?

Ms. Jessica McDonald: Canada Post's financial statements are audited.

Mr. Kelly McCauley: Okay. For how long into the future are they anticipated to continue?

The reason I ask is that obviously a lot of it has been the strength of the parcel delivery, but what came up during our extensive review is that Amazon is looking to develop its own delivery service. It's already contracting out in the States and in Canada as well. What is our backup plan if Amazon, which is a huge chunk of your delivery, goes solo? It's the same question for Purolator. We asked the president of Purolator what keeps him up at night, and his comment was, well, nothing—

● (1125)

The Vice-Chair (Ms. Yasmin Ratansi): Perhaps you can answer that in the next question, because your time is up.

Mr. Masse, you have seven minutes.

Mr. Brian Masse (Windsor West, NDP): Feel free not to answer that question in the next seven minutes.

I thank you. Congratulations on your appointment.

Over the years since I've been elected, I've noticed that in the last number of years there was a non-business case to destroy Canada Post. In fact, the whole move away from door-to-door delivery was based on ideology, not on the actual revenues and returns at Canada Post. There's clearly no doubt that this was the driver, as opposed to actually looking at the operations, what potential changes could be made, and the public value of it.

It also dissuaded the real positive growth aspect that was very evident with door-to-door delivery, which is a growth service that is expected to increase, especially with online purchasing rising. I believe it's at 17% now. That has jumped beyond some expectations but was entirely predictable given what's been taking place.

I apologize for being here a little late. I was at the industry and innovation committee, where we had a press conference for all parties on rural broadband services and moving the digital divide in a positive way from businesses to smaller rural municipalities. I see real potential growth for Canada Post there.

It was really nice to see your privacy background. The first question I want to ask is about the study that Canada Post did on banking. When will that be made public? Why has it not been made public? That's one of the first things, because some of these things are the potential solutions that have been put out there. If we want a new age, we need to see whether or not there's really some value there. If there is, how do we move forward? If there are some challenges, what are they? Given that the public has paid for this study, when will that be provided to them?

Ms. Jessica McDonald: Thank you. I know that postal banking has been under a tremendous amount of discussion and continues to be. I know that this committee considered it in depth, including looking at the full report in its own context, coming eventually to the conclusion that Canada Post should focus on its core competencies.

While postal banking is not a specific part of my mandate letter, I do think it's important to note that Canada Post does provide some financial services. I think we need to be very open-minded about any new ideas that can be right for Canada Post and right for its customers, and those could include being in the financial services area.

Mr. Brian Masse: Will that report be made public, though? Canada Post undertook a study on that. We're still waiting for it to be released. Given your background, I'm wondering what privacy barriers there are to that.

Ms. Jessica McDonald: I do know that the committee did see the report in its entirety without any exclusions.

I've asked for that report to be looked at again to have the privacy considerations rescrutinized. It's important for us, obviously, to uphold the privacy side of legislation and to ensure that any commercially competitive information is protected as relevant. I have asked for new advice about the content of the report and whether or not those considerations remain.

I do think it's really important in all of these conversations to be open and transparent. To the extent to which we can all be sharing the same information, it's a benefit to everyone. Personally, I would like to focus on new conversations about enhanced services, additional services that are right for, as you say, the digital age. Recognizing that we do provide some financial services, I think it's important to be having a new conversation going forward.

Mr. Brian Masse: That's excellent. I'm glad to hear that the review is going to come forward, because I still think that that postal banking could be an asset, and not just rurally. I can give the example of ridings like mine, where we have payday lenders all over the map, including virtually across the street from Canada Post. There's a series of issues related to that.

At any rate, as long as that door isn't closed.... On the study, though, I know that you talked about transparency as one of your principles. That could be helpful in figuring out whether that's even a partial service.

With regard to complaints and harassment in the workplace, can you maybe give us a little more on that? I think respect is one of those principal elements. Despite the challenges at Canada Post that we've had in the last number of years in the working environment that was thrust upon them, I think we have a really good opportunity to move forward. I think the public has spoken about what they want, and they want their Canada Post.

● (1130)

Ms. Jessica McDonald: It's a great question. The minister and I have spoken as well about issues around harassment and bullying being raised around the Canada Post workplace. A respectful workplace is paramount; it's equal to having a safe workplace. In fact, in many cases these two things are linked. It's very important to me to have an open conversation across the workforce about the workplace and what people's experiences are and to have the trust and confidence that, if necessary, steps will be taken to ensure we have a fully respectful workplace. There's no room for harassment and bullying in any workplace, and certainly not at Canada Post.

Mr. Brian Masse: Are you cognizant that there has been I think a bit of a culture of harassment to some degree at Canada Post? I've been out on a picket line in previous strikes in the past, going back 10 years to when I was first elected. I know that pictures were taken and management was coming out at different points, which was not very conducive both to a legal negotiation process and to rights. Are you aware that there probably is a culture issue that needs to be looked at with regard to Canada Post?

Ms. Jessica McDonald: To be candid, I haven't been at Canada Post long enough—I've been here only a couple of months—to be able to give you my opinion about today's culture.

What I do know is that it's important to have a culture. There's always room for improvement. It's important to be having an open conversation about what people's experiences are and to respond to that conversation and make it one that all employees have trust in, and I fully expect to be part of those conversations going forward.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you.

Madam Mendès, for seven minutes.

Mrs. Alexandra Mendès (Brossard—Saint-Lambert, Lib.): Congratulations, Ms. McDonald, on your appointment. I'm very directly interested by all that happens at Canada Post, and I've been visiting the depots in my constituency.

To follow up on what you were saying about the changes that have been brought about and about capturing new markets for Canada Post, I think we can commend the employers, the workers, and the management for seizing that moment when e-commerce became so obviously the future. They adapted, so it proves that even if they are a unionized workforce they can adapt very quickly and capture these opportunities. I believe that they deserve our appreciation and recognition for doing it.

I know that you have quite a few challenges in front of you to bring this forward, but in regard to talking about management-worker relationships, I would say that, generally speaking, in my visits there was a reasonably good relationship between the workers and the management. Some employees feel that there are instances of harassment and bullying that are not dealt with, not with the seriousness that they believe those issues deserve. It has less to do with sexual harassment or bullying and more to do with performance, such as how you perform your route.

Do you have any ideas? Have you heard about these complaints? Are you looking at ways for the employers to address them that will make it better for the employees?

Ms. Jessica McDonald: I appreciate your insights. Again, I have been at Canada Post for only a few months, so I can't tell you that I have identified a full program in terms of harassment and bullying, other than to say that I have asked for and have been reviewing information about the workplace and workers' concerns, employees' concerns, in the workplace.

From my perspective, the most important thing is to have new, open conversations about the workplace, and again, conversations that are trusted by employees to be meaningful, and for us to identify areas for improvement. Every workplace has areas for improvement, so my objective is to learn, to understand more deeply what the culture specifically is at Canada Post as well, and to ensure that we find those opportunities for improvement.

● (1135)

Mrs. Alexandra Mendès: I believe that improving those will also go with the improvement of the business opportunities that the employees, in and of themselves, would participate in.

I know that we've talked a bit about the avenues for adding to what Canada Post already offers the Canadian population, and I again have to commend Canada Post for accepting to change the way we go back to home delivery. I've had very clear examples of constituents, especially 65-year-olds and over, who have asked to return to home delivery and were very quickly given the service. Obviously, they're only getting it once a week, but they got it, and they were very pleased about it. Again, I offer my congratulations on listening to that concern.

I know that we can't discuss for commercial or industry reasons of secrecy all the opportunities that are open to Canada Post, but have you started looking at what those avenues would be?

Ms. Jessica McDonald: Yes, absolutely, and I share your view that Canada Post successfully captured its share of the parcel business. I don't believe it's the case that, as Canadians began to shift in the way they have toward online shopping, this business was naturally just going to fall into Canada Post's lap. I think a lot of credit goes to the corporation for building a strategy that has resulted in its being Canada's number one parcel business. It's going to be important to be constantly evaluating the elements of those strategies as the world continues to shift. It's never going to be static. We're in a very different place today than we were five or 10 years ago, and I know that we'll be saying the same thing five or 10 years from now.

There is a full strategy development and evaluation under way within Canada Post—it's not just upon my arrival—about how the marketplace continues to change. Consumers' expectations continue to change with every experience that individuals have with anyone at a business, whether it's a bank, a retail outlet, or a utility. That changes the bar in terms of what people hope for in their interactions with anyone, including Canada Post. It's a shifting landscape. From what I've seen to date, I believe that if we continue the strategy work that Canada Post has done and continue to be as thoughtful as we have been in the past, we'll continue to be successful into the future.

It's not without its threats and risks. Like any business landscape, there are cliffs that could occur, both in the decline of letter mail, but also, as another member brought up, in the unevenness of the size for Canada Post customers in terms of the parcel business. We have to be very smart in terms of what their needs are and how to ensure that we can figure out the advantages for us in terms of using our systems to successfully meet their needs but also to build our nationwide presence for serving customers.

Mrs. Alexandra Mendès: Yes, absolutely, and to retain those clients, that's a big challenge.

Ms. Jessica McDonald: Yes.

The Vice-Chair (Ms. Yasmin Ratansi): You have 45 seconds.

Mrs. Alexandra Mendès: Okay. Thank you very much.

The Vice-Chair (Ms. Yasmin Ratansi): For the next five-minute round, we're going to Mr. Kelly—Pat Kelly, not Kelly McCauley.

Why don't you just keep different names...?

An hon. member: It's the Kelly caucus.

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): I may not need a full five minutes. I have just a couple of questions.

One thing I didn't hear you address in your remarks, which goes back to one of Mr. McCauley's questions about the details of both the committee's report and the dissenting report, is the issue of the pension deficit. I'd like you to comment on this. Maybe you could tell the committee.... I'm not sure if your mandate letter, which you've referred to a few times, is a public document or something that you want to share specifically, but what is your mandate with respect to the pension deficit? It's a pretty big issue for the corporation. I'm interested in hearing your thoughts on it.

● (1140)

Ms. Jessica McDonald: Yes, thank you. You're right. I hadn't mentioned it up to this point. The pension solvency issue is a specific and very big input into our financial sustainability into the future.

The minister's mandate letter is indeed public. It factors in the pension issue with respect to finding a new path forward. It's part of the business plan that Canada Post needs to figure out in the years ahead. Certainly, we'll get a tiny bit of relief as interest rates start to change, but that won't solve the issue. It is certainly a challenge to figure out for the future.

I don't have the answer for you here today, but as you very correctly identify, it's a big part of the financial picture for Canada Post to solve as part of its plan forward.

Mr. Pat Kelly: Did you have a particular vision or plan for this issue as you took on the job? When you were applying for this position, I'm sure you contemplated what some of the challenges ahead might be. Was this a major factor or issue in the process of your being selected as the new chair?

Ms. Jessica McDonald: Yes, I didn't come into the position having proposed the solution to solve the pension solvency issue, but it's absolutely part of my remit. It's part of my challenge to figure out how to ensure we have a financial plan forward, and part of that is going to be the pension.

Mr. Pat Kelly: More broadly, I'm not sure if this is a question or just a comment, but I wasn't part of this committee when it examined Canada Post, so I'm not nearly as familiar with the issues as some of the other members may be. I'm really struck by the eight out of 10 unfulfilled or non-reappointed board members and a vacancy. I mean, this is certainly not a question for you, but it may be one for the government in terms of getting on with it and ensuring the positions are filled, so that there's actual direction and people know who is there to be in positions of responsibility for an important crown corporation. It seemed quite surprising to me.

I'm also a little unsure—again, I wasn't part of the study—about even the governance model. You've talked about a career interest in governance. The CEO is not a board decision but an order in council. At present for this board, where maybe eight out of nine people are going to change, do you have any concerns about the governance model at the board and at the executive level for Canada Post?

Ms. Jessica McDonald: On the governance model, no, I don't have any concerns. There is a skills-based board currently in place. If any of those board appointments change, I am quite confident, based on the process I've been exposed to, that it will continue to be a skills-based board going forward. As I say, I expect in the very near term a new CEO to come into the organization, so with regard to the model, no, I don't have any concerns.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you.

Mr. Peterson, you have five minutes.

Mr. Kyle Peterson (Newmarket—Aurora, Lib.): Thank you, Madam Chair. I want to talk about the pension.

What's the deficit in the pension now?

Ms. Jessica McDonald: We haven't released our annual report yet for 2017, so for that reason—

Mr. Kyle Peterson: I'm well aware of that.

Ms. Jessica McDonald: It will be tabled very shortly.

Mr. Kyle Peterson: Okay.

How are those funds managed right now? Is it a third party pension manager?

Ms. Jessica McDonald: No. It's managed by an internal pension management group.

Mr. Kyle Peterson: Do we know, maybe going back to the last fiscal year, what the average return was on those pension investment funds?

● (1145)

Ms. Jessica McDonald: That's an excellent question. Again, that will be reported for 2017 in the new annual report that will be tabled, as I say, very shortly.

Mr. Kyle Peterson: Okay.

Ms. Jessica McDonald: I don't have in my knowledge 2016, 2015, or 2014. I apologize, but I would be happy to report back to the committee on that.

Mr. Kyle Peterson: Yes, it would be helpful if you would do that. Thank you.

I'm wondering about staying on that sort of fiscal framework. There's the reclassification, of course, and Canada Post is no longer required to pay dividends back to the federal government. Is that going to be used to perhaps top up the pension? Is that being considered at all?

Ms. Jessica McDonald: I'm not aware that it's been considered in the past. I think the relief from needing to provide dividends back to the government is, from my personal perspective, very welcome for the corporation. We haven't talked at all, actually, about the capital investments that need to be made in what is an aging system—

Mr. Kyle Peterson: Yes.

Ms. Jessica McDonald: —and one that needs to be transformed to be able increasingly to deliver parcels. While there is quite a bit to talk about in terms of the new path forward and being competitive, we haven't talked at all to this point about the capital investment that needs to be made in network expansion. I'm very pleased that in my mandate letter it was also reconfirmed that government is removing any future requirement to pay a dividend.

Mr. Kyle Peterson: Right, so are you looking at that excess cash flow now being mobilized for capital investment, then?

Ms. Jessica McDonald: Well, in general, being available to the corporation to be successful in delivering its services: I didn't mean to say that it would necessarily be fully earmarked into capital investments. I just wanted to bring that up as another financial priority for the corporation.

Mr. Kyle Peterson: It's clearly another priority of the corporation. Okay. Thank you for that.

I want to talk a bit about the January announcement by the minister and especially the new accessibility for seniors and people with disabilities. Can you expand on that and the importance you see of this in serving the Canadian public?

Ms. Jessica McDonald: Yes, for sure. In terms of its importance, it's of the highest priority, really, for the corporation to ensure that Canadians can receive their services in the way that is needed for them.

For anybody with accessibility challenges, whether that's the elderly or anybody with a physical challenge, that has to be something that the corporation is responding strongly to. I look forward to this renewed focus on that and to actually engaging Canadians in terms of what those challenges are, and how, for one, they're going to continue to evolve with an aging population, and how we can ensure that we're doing the very best we can.

Mr. Kyle Peterson: How much time do I have left, Madam Chair?

The Vice-Chair (Ms. Yasmin Ratansi): You have a minute and a half.

Mr. Kyle Peterson: Okay.

I want to talk a little bit about a couple of things. First, what's the breakdown of your sources of revenue right now, when you look at letter and parcel and so on?

Ms. Jessica McDonald: Speaking extremely generally, you could still consider about 50% to be letter mail, I think about 20% ad mail or neighbourhood mail—the terminology changes—and about 30% parcel.

Is that what you mean in terms of a general breakdown?

Mr. Kyle Peterson: Yes.

That's currently. Do you see a big change in that ratio, going forward?

Ms. Jessica McDonald: I think, from all I've learned to this point, we're fairly confident that the trend will continue to be that the letter mail will shrink. It has a higher profit margin for the corporation. Parcels will continue to grow, but they have a slimmer profit margin. We think there is a tremendous opportunity for Canada Post to continue to have a significant share of its revenues coming in through what I'll call "ad mail". Digital has taken a share of that, but I think Canada Post has proven that it has a very strong customer base that's very interested in ongoing relationships with the corporation.

Mr. Kyle Peterson: Right.

Under the new framework, you're able to promote your remittance services.

Ms. Jessica McDonald: Yes.

Mr. Kyle Peterson: Do you see that area as a chance to expand revenue?

Ms. Jessica McDonald: Yes. I'm actually very interested in exploring that. We were talking earlier with another member about the financial services that Canada Post currently provides, and about being open to new conversations about related services. This committee spoke quite clearly about sticking to core competencies. There are certain financial services that are, I would say, core competencies of Canada Post, and I think we need to be open-minded about related services.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you.

Are you sharing your time, Mr. McCauley, or are you going for the five minutes?

Mr. Kelly McCauley: I'll go for the five minutes.

I want to start by asking Mr. Drouin to do up his tie.

Voices: Oh, oh!

Mr. Kelly McCauley: Ms. McDonald, as we delve into this more, I realize that there are a lot of board positions, and we have to bring a CEO on, so it's difficult for you to perhaps provide clear answers on a lot of items. You talked a lot about the path forward, or the plan going forward. Obviously, you've seen the task force plan. You've seen our dissenting report and the government's report. You have to come up with a new plan coming forward, including the new mandate from PSPC.

I know you've only been in the role for a couple of months, but how far along are you on at least building a framework for the plan? I realize we have to hire a new president. We have to figure out the board as well. How far along are you, and when do you think we'll actually have a good plan that you can present to the committee, to the public? You've talked a lot about having a bit more breathing room, which is fine. I'm wondering how long you think it will be before we can get a real plan put forward saying, "This is how we're going to address the pension issue. This is how we're going to address the future investments we need with new trucks, or tackle the competition, or prepare for Amazon switching over to their own delivery, or to cover the other risks."

● (1150)

Ms. Jessica McDonald: I think you raise a really important point here. When we talk about a new path forward, I don't mean to suggest, and also I don't think it's the case, that there is a need to start an entirely new strategic business plan, and planning process even, inside Canada Post. As we were talking about earlier, there's been a very successful strategy under way over the last number of years to capture the parcel business, which has been, as I'm sure you and every member of this committee would know—

Mr. Kelly McCauley: Right, but we know as well.... You talked about letter delivery, which is a much higher percentage of profit. I think it's about 70% for mail delivery.

Ms. Jessica McDonald: It's a higher profit margin.

Mr. Kelly McCauley: Parcel is pennies on the dollar. We're seeing a shift in that. It's not enough to say we've captured that. We're capturing a large amount of low-profit business and we're losing a lot of high-profit business. Are we developing a plan, or when will we have a plan to further address this? In two years it could be 50% low-profit parcel and only 30% high-profit door-to-door.

Ms. Jessica McDonald: I'd like to continue to try to answer your question, and I'd like to go back to the point that I started with, which is that it's not the case that there is a need for a brand new drawing board inside Canada Post.

Mr. Kelly McCauley: I'm asking when we're going to get a plan to address some of the changes that we're seeing coming down the road.

Ms. Jessica McDonald: Yes, and Canada Post is actively delivering on a business strategy that has been successful over the last few years in ensuring a positive financial process.

Mr. Kelly McCauley: Let me just interrupt quickly.

Ms. Jessica McDonald: In terms of tabling a new plan forward—

Mr. Kelly McCauley: Sorry, let me interrupt. There's the big issue with the pensions, the big issue with the change in your business shifting from high-profit door-to-door to low-profit, and the delivery for Amazon, etc. That's going to continue.

Ms. Jessica McDonald: That's right.

Mr. Kelly McCauley: It's not a sustainable path forward to say, well, we've been successful right now. When are we going to see an actual plan put forward to address the pension issue, to address the shift in business? I understand that we need to, and there's an intent to. We have a whole cadre of very qualified people in Canada Post putting forward ideas, which is great, and there will be a new president. When will we actually see a plan presented to either the committee or the public on how we are going to see a sustainable path forward to keep Canada Post on its feet—addressing the pension, addressing the shift in business? When will we see that?

Ms. Jessica McDonald: Yes—

Mr. Kelly McCauley: I realize it's going to have to wait for the new president, but when can we see a plan? One year? Two years? When will we see a plan?

Ms. Jessica McDonald: Is it okay to proceed?

Mr. Kelly McCauley: Yes, please do, and please answer.

Ms. Jessica McDonald: I would anticipate that we would table a new plan forward and articulate a plan forward next year. As you say, a CEO—

Mr. Kelly McCauley: Okay. That's all I was asking for. It wasn't that difficult. Thanks.

Ms. Jessica McDonald: You're welcome.

Mr. Kelly McCauley: I think that's all I have. I think a lot will have to wait till we have a new president and a new board, and hopefully we can move forward fast with that. Thanks very much.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you.

Mr. Jowhari, you have five minutes.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Madam Chair.

Congratulations, Ms. McDonald, on your appointment.

You mentioned that the 2017 annual plan is not out yet. Am I right?

Ms. Jessica McDonald: Our annual report, yes.

Mr. Majid Jowhari: Yes, annual report. Thank you.

I'd like to go back to the 2016 annual report. In that report, four major structural challenges were identified: declining mail volumes; pension solvency deficit, and some discussion has taken place already on that one; labour costs; and, network capacity-building.

However, the recently announced revised action plan does not clearly address these. How do you plan to close the gap between those major structural challenges and the fact that they're not mentioned in this plan? How is this going to be addressed?

Ms. Jessica McDonald: In which report are you saying that those elements are not referred to?

Mr. Majid Jowhari: I'm reading the revised action plan that was published.

Ms. Jessica McDonald: Okay. I'm not sure that I'm clear on what plan you're referring to; however, let me get to the spirit and the intent of the question.

Absolutely, those are all key challenges for Canada Post. As I say, it's not a static environment. We're currently in labour bargaining with the largest of the unions, CUPW, toward a new collective agreement. We're working hard on that, and I'm looking forward to a successful outcome on that front, which will in part provide new inputs and new analysis in terms of the labour costs of the organization, which is one of the four pillars you referred to.

The pension is certainly a difficult issue in terms of ensuring its continued affordability for the corporation. There is also the network expansion, for example, and other things, which are all part of the inputs for a new plan forward. Canada Post is actively working on maintaining the success of its current business strategy as we articulate a new plan forward. After a new CEO is on board, we absolutely will be addressing all of those components in a new business plan.

● (1155)

Mr. Majid Jowhari: I'm looking at the mandate letter to you. There's a section under "Innovation and Best Practices for Implementing Renewal". A number of recommendations were made for the new governing board and the new management to follow. Specifically, there are three recommendations: one on alternate day delivery, another on parcel locker and weekend delivery, and a third on improved public services to Canadians, especially in rural and remote areas.

What initiatives have been taken or are planned within the next year, until the plan is fully rolled out? What actions have taken place?

Ms. Jessica McDonald: All of these elements are under active consideration as part of our strategic analysis of what our customers need and how best to utilize the system we have in place. None of those are ideas that we need to start new thinking about; they're all part of the works. They have all been part of the strategic analysis inside Canada Post. Some of them, I'm sure, will be part of—

Mr. Majid Jowhari: For example, has there been any action taken on studying alternate day delivery?

Ms. Jessica McDonald: For sure. I mean, as I say, there is a very active environment inside Canada Post looking at the strategic options: what our customers need, how our assets are currently being used, and where our investment in network expansion will be put, as well as what that means in terms of downtime in some of our plants and how we may be able to better utilize our entire system. Whether it is alternate day delivery, weekend delivery, or any of the other aspects, these are all always part of the strategic analysis inside Canada Post.

I do imagine that some of these elements, and maybe other ideas as well, will also come up in our discussions toward a new collective agreement, and I look forward to more creative discussion and more ideas about how we can use the system we have and support employees to be successful in continuing to meet the ever-changing needs of our customers.

The Vice-Chair (Ms. Yasmin Ratansi): You have 30 seconds. Do you want to let it go?

Mr. Majid Jowhari: Yes.

The Vice-Chair (Ms. Yasmin Ratansi): Good.

Mr. Majid Jowhari: I guess that was to tell me to let it go.

Voices: Oh, oh!

Mr. Majid Jowhari: Okay. I got the message. Thank you.

The Vice-Chair (Ms. Yasmin Ratansi): Mr. Masse, you have three minutes.

Mr. Brian Masse: Thank you, Madam Chair. One of the things I want to address is Amazon.

With regard to postal delivery services, Canada Post has carved out a very good strategy by going to markets that might not have been affordable, such as smaller communities, but still doing so because of the principles of Canada Post and an operating philosophy for Canadians that's different from just the bottom line.

The interesting aspect you have is that Amazon is in competition for massive public subsidization, whether it be in the United States or Canada right now, and it is going to be one of your major competitors. Are there any thoughts in terms of what the business plan response is going to be from Canada Post if Amazon receives massive public subsidization?

Clearly, whether it's a facility located in Canada or the United States, there seems to be municipal, provincial or state, and maybe perhaps even, on the U.S. side, federal allocation of dollars to get their operations going for everything from road infrastructure to technology, as well as training dollars. Has there been any thought about that situation? Your competitor is going to receive quite a serious, significant contribution, most likely from the public purse.

Ms. Jessica McDonald: I'm sorry. I don't mean to take up more of your time, but would you mind elaborating when you talk about Amazon receiving direct subsidies from the public purse?

Mr. Brian Masse: Yes. Right now, in the United States and Canada, their bids are to receive municipal, state level or provincial, or even federal dollars. Your business competitor is going to receive a significant form of equity contribution to advance its competition against you. Has been any thought about that? Maybe it's too early for that, but the reality is that if Amazon decides to set up operations, when it does, it's most likely going to receive a generous contribution from taxpayers somewhere, not from the private sector. You're going to have to compete with that.

● (1200)

Ms. Jessica McDonald: I see. You mean in terms of competing with that.

Mr. Brian Masse: Yes.

Ms. Jessica McDonald: I wouldn't want to comment or speculate on any decision that any government might make in terms of what you're talking about in regard to subsidization.

Mr. Brian Masse: No, but the reality is that they're going to be your competitor.

Ms. Jessica McDonald: Well, they're a customer. As you point out, and as another member has pointed out, they do provide to some extent their own delivery services at the same time as we want to continue to be Canada's number one parcel company. It's an interesting relationship in terms of having a major customer that has such a large share of the online commerce world, including the delivery side of that, while at the same time they are such a large share of our own customer base in terms of parcels, which is very important to us.

While ensuring that we are nimble and smart in terms of our relationship with Amazon, we recognize that they're a company driven by their own business interests. We need to be smart enough to figure out how we can ensure that we meet their needs and at the same time use our own system in a way where our customers and their customers are more satisfied with us than with going to delivery by themselves.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you very much, Ms. McDonald, and congratulations.

That brings us to the end of this session. I will suspend the meeting for a couple of minutes.

Thank you.

● (1200)

(Pause)

● (1200)

The Vice-Chair (Ms. Yasmin Ratansi): Committee members, please take your seats.

We have with us Mr. Alexander Jeglic, procurement ombudsman.

Welcome to the committee. I believe you may have some opening remarks. Go ahead and start your presentation.

[*Translation*]

Mr. Alexander Jeglic (Procurement Ombudsman, Office of the Procurement Ombudsman): Thank you, Madam Chair and committee members, for this invitation. It's an honour to be here today participating in this discussion.

[*English*]

My name is Alexander Jeglic. I have been the procurement ombudsman since April 3, so for exactly two weeks today.

From my first day on the job, it has been evident that my office is made up of quality people who are working hard to respond to the questions and concerns of Canadian suppliers and who work to promote fairness, openness, and transparency in federal procurement.

I'm proud to have been chosen to lead this valued and trusted organization.

● (1205)

[*Translation*]

I understand the committee wanted to hear from me as the new appointee to the position of procurement ombudsman. Allow me therefore to provide you with some information on my previous experience, education, and training.

[*English*]

Before joining the Office of the Procurement Ombudsman, I served as general counsel, access to information and privacy coordinator, and, more recently, as corporate secretary for PPP Canada.

PPP Canada, or Public-Private Partnerships Canada, was a federal crown corporation created to improve the delivery of infrastructure by achieving better value, timeliness, and accountability to taxpayers through public-private partnerships. At PPP Canada, I provided legal and strategic advice on procurement processes for large infrastructure projects, predominantly in an oversight role.

Prior to joining PPP Canada, I worked at the Canadian Commercial Corporation, another federal crown corporation, as senior legal counsel. There, I was involved in the drafting of solicitation documents for projects of varying complexity and provided legal advice on the procurement process through to contract award. Post contract award, I was responsible for the resolution of disputes associated with contract management.

Over the course of my six plus years at the Canadian Commercial Corporation, I had the benefit of playing a multitude of different roles, including those of drafter, evaluator, and adviser. Playing these respective roles provided me important insights into each aspect of the procurement process and the associated issues.

While working at the Canadian Commercial Corporation and PPP Canada, I taught dispute resolution and negotiation at Algonquin College. I also taught procurement law in the undergraduate law program at Carleton University. At Carleton University, my teaching spanned a six-year period, and it provided me the opportunity to connect with students and to help prepare and equip the procurement practitioners of the future.

[*Translation*]

Prior to joining the Canadian Commercial Corporation, I worked for the Department of Justice. I was assigned to the legal services unit at the Department of Foreign Affairs and International Trade, now Global Affairs Canada.

While there, I had the opportunity to assist in the drafting and review of solicitation packages, participate in supplier debriefs, and resolve disputes associated with ongoing contracts.

[*English*]

Prior to that, I worked in Washington, D.C., for the Australian trade commission as a business development manager and international trade adviser. In this role, I was part of the "selling to the U.S." government team that was created as a result of the then newly signed U.S.-Australia free trade agreement. My role allowed me the opportunity to assist Australian companies to identify and bid on government procurement opportunities at both the federal and the state level. I learned a great deal about procurement in this role and experienced first-hand the challenges faced by suppliers.

Before that, I worked for the Chicago International Dispute Resolution Association in Chicago, Illinois. The association provides a forum for resolving transnational business disputes in a neutral and private setting for arbitration and mediation. At the association, I was primarily responsible for outreach, research, and facilitation of monthly meetings. I gained skills that continue to help me successfully de-escalate contractual disputes.

In terms of education and training, I graduated from law school at Loyola University Chicago with a certificate in international law. I completed my undergraduate studies here in Ottawa at Carleton University, where I completed a B.A. in law, with a concentration in business law.

[*Translation*]

I am incredibly proud to be a graduate of Carleton University and continue to give back to the Carleton community through the mentorship program.

I genuinely believe that my work experience, combined with my training and education, has provided me a well-rounded perspective and prepared me well for my role as procurement ombudsman. I am confident my perspective will allow me to have an objective and impartial view of the current approaches being used in federal government procurement.

[*English*]

My perspective also provides me with a balanced appreciation of what suppliers are going through in trying to navigate the federal procurement process, since I've essentially been on the other side of the fence.

While it's very early in my mandate, the priorities that I will focus on are starting to crystallize in my mind.

First, my office will continue to focus on the core activities of my legislative mandate in a way that is straightforward, efficient, and transparent.

This applies to reviews of supplier complaints, reviews of departmental procurement practices, and the contract dispute resolution services that we provide. I want to increase the amount of information we share with suppliers, departments, and other interested parties in the area of procurement.

● (1210)

[*Translation*]

In addition to transparency, I want to emphasize the theme of simplification. Procurement is by its very nature quite complex. Suppliers must be clearly told what the buyer is looking for, how their proposals will be evaluated, and how the winning bid will be selected. This can be painstakingly detailed but often necessary to ensure fairness, openness, and transparency. I am a strong believer that federal organizations need to take every available opportunity to simplify procurement.

[*English*]

Simplification will help address concerns that my office continues to hear from suppliers and federal officials alike. My office often hears that federal procurement is too complicated, time-consuming, and bureaucratic.

This will not be an easy task, and as I begin this mandate as the procurement ombudsman, I plan on both encouraging and promoting efforts across the board that contribute to the simplification of federal procurement.

Another area where my office can add a great deal of value is in the resolution of disputes for contracts that have been awarded.

When Canadian businesses and federal departments get bogged down in lengthy disputes, nobody benefits, least of all the taxpayer. The co-operative nature of dispute resolution services provides faster results and more flexibility to both parties. My office's alternative dispute resolution services represent an effective tool to get contracts back on track, goods and services delivered, and suppliers paid.

My office has a successful track record in providing dispute resolution services and in mediating disputes. I would like to see these services leveraged by more federal organizations and suppliers across the country.

[*Translation*]

There isn't always a need for formal dispute resolution. My office has done a great job in resolving issues without having to resort to a formal dispute resolution process. Although these instances don't show up in our official statistics, this is something I intend to continue to promote and track as it aligns with the principles of simplicity and helpfulness that my office stands for.

[*English*]

Finally, I will also be looking to expand my office's procurement expertise by performing deeper and more comprehensive analyses on procurement-related issues. This will enable my office to have a more fulsome understanding of the root issues driving complaints to my office. To align with transparency, this research will be shared as broadly as possible.

My office will then be in a position to help resolve issues before they turn into complaints, which in turn simplifies the process. I believe that my office is well placed to play this role, because we hear first-hand from both suppliers and federal officials about the good and not-so-good practices in federal procurement.

We have a lot of information to share, and I will seek opportunities to do so in the future through consultations with stakeholders, participation in procurement-related conferences, and meetings with federal government decision-makers to provide my perspective.

I welcome the opportunity to come back to this committee in the future and report back on the four priorities I have just laid out, namely: one, transparency; two, simplification; three, growth in dispute resolution services; and four, knowledge development and sharing.

[*Translation*]

In closing, I would like to thank the committee members for the opportunity to speak with them, and I would be pleased to answer any questions you have.

Thank you.

[*English*]

The Vice-Chair (Ms. Yasmin Ratansi): Thank you very much.

We'll start our first round of seven minutes with Monsieur Ayoub.

Mr. Ramez Ayoub (Thérèse-De Blainville, Lib.): Thank you, Chair.

Thank you, sir, for coming before us. I congratulate you on your appointment.

Mr. Alexander Jeglic: Thank you.

Mr. Ramez Ayoub: I'll be asking my questions in French.

[*Translation*]

Mr. Alexander Jeglic: All right.

Just to be sure I understand, I'm going to listen to the interpretation.

[*English*]

Mr. Ramez Ayoub: I really appreciate your French. Thank you very much for that.

[*Translation*]

You spoke about a number of your priorities. However, according to Public Services and Procurement Canada's 2017-18 departmental plan, the office of the procurement ombudsman must be independent.

What will that independence look like, in terms of being transparent with other government departments? How could you improve upon past practices?

How do you intend to assert your leadership, as ombudsman, with respect to your office's independence and transparency?

Mr. Alexander Jeglic: I'm going to answer in English, if you don't mind.

● (1215)

[*English*]

In terms of independence, that's a great question. That's one of the primary issues that I had upon assuming the role, because there is an interrelationship between the ombudsman's office and the department, so I was adamant to make sure that regardless, not only in optics but also in practical aspects, this independence in maintained. I can assure you, though I'm only two weeks into the role, that this independence is in fact maintained.

In terms of the role from the mandate perspective, the mandate is preserved, and there is no oversight capacity on the part of the department. That role is untouched by the department. It's only in issues for administrative purposes, such as information technology and human resources, where the department has any direct liaison with the procurement ombudsman's office. Therefore, in terms of priority-setting, the ombudsman's office is clear to set its own priorities without any implications from the department itself.

In terms of what I can do to enhance that independence, again, one of the things that I intend to do is transparency. Transparent behaviour is a fundamental underpinning of the importance of the ombudsman's office. Therefore, as one of the things we look to do, specifically on reviews of complaints, we anticipate now publishing a more fulsome document, which includes additional factors that currently aren't being published. This will further allow for additional oversight from the outside world beyond the department itself.

[*Translation*]

Mr. Ramez Ayoub: You say it's important that the office maintain its independence. I understand and agree. However, is there some sort of mechanism that would provide reassurance and ensure that independence, both on your end as well as the minister's? The type of independence I am talking about goes beyond having someone look over your shoulder to tell you which priorities you should be working on.

You've just been appointed, and we wish you a long career. Now, is there some sort of structure in place that we, as legislators, can have confidence in?

[*English*]

Mr. Alexander Jeglic: Yes, absolutely. There is in fact a document in place. It's a memorandum of understanding that stipulates exactly where, how, and when the two entities will interplay with one another, and the theme of independence is a penultimate theme in the MOU. It is captured in writing, so whether I'm here or not, that independence exists, and it has pre-existed my arrival.

[*Translation*]

Mr. Ramez Ayoub: Very well.

In your opening statement, you said you sometimes preferred not to go through formal channels. I gather that, in some cases, it's easier to take a more direct approach. When you do so, however, it does not get captured in any report.

How will you remain transparent when using a process that can be effective in some cases, but not others? Would you mind elaborating on that idea?

[*English*]

Mr. Alexander Jeglic: In terms of the informal process, I think that maybe in my opening remarks it was misunderstood. It's not something that's currently tracked. If there is an informal resolution to a complaint, the way we track it now doesn't make its way into the official statistics; however, that will change under my five-year mandate. We will now be tracking that, so it does align perfectly with transparency.

Mr. Ramez Ayoub: That's reassuring. Thank you very much. I understand it very well now.

That's it for me.

The Vice-Chair (Ms. Yasmin Ratansi): Does anybody want to use his time? He has one and a half minutes left.

Mr. Peterson.

Mr. Kyle Peterson: I'll jump in and take the one and a half minutes.

I want to touch on this briefly. I'll elaborate more when I get to my allotted time. On the alternative dispute resolution process, can you tell me what form that takes now and what control you might have to shape that form going forward? I can elaborate more when I get into my questions.

Mr. Alexander Jeglic: Again, this is not to criticize the regulation, but the regulation currently requires the consent of both parties. It seems that most often consent is established only once a dispute arises.

Typically, here's the way the construct works. There is an existing dispute for a contract and one of the parties—typically the supplier—approaches the ombudsman's office. The ombudsman takes that complaint and maps it against the regulation. If it's in compliance with the regulation, the office seeks consent from the other party. If the other party consents, an attempt at facilitation or shuttle diplomacy is used. If shuttle diplomacy isn't effective, ultimately mediation would be the final step. Again, it is all consensual.

At that point in time, if the parties can't agree, the process has failed, but I will say that of the 25 times where it has gone to ADR through the regulation, in 23 of the 25 times it has been successfully resolved, through either facilitation or mediation.

Mr. Kyle Peterson: Thank you for that.

● (1220)

The Vice-Chair (Ms. Yasmin Ratansi): We have Mr. McCauley for seven minutes.

Mr. Kelly McCauley: Thank you, Chair. I won't need the full seven minutes.

Congratulations on your appointment. I look forward to working with you. You've laid out a great plan.

Mr. Alexander Jeglic: Thank you.

Mr. Kelly McCauley: You're probably aware that we're studying small business procurement. All we hear are nightmares of how difficult it is and how the government makes it so. I don't mean the current government or the past government. It's just that the process is so difficult for average Canadians to bid, so I'm glad to hear about this.

I realize that your role is a bit limited towards changing some things, but I'm wondering how you might assist in the simplification of the bidding process.

Mr. Alexander Jeglic: I thank you for that. I appreciate the limitation. Ultimately, we are limited by the mandate; however, within the mandate, I think we still have a role to play in that simplification.

In terms of the documentation itself, what I've asked for from the department is for us just to be a consult party when programming changes are being contemplated. We've asked if we could be consulted in a front-footed type of manner so that we'd have an ability to effect change. That's what we've asked for. To date, the minister has been very receptive to that request.

In terms of simplification and what we can do at our end, I've suggested that this goes to correspondence, reports, presentations, and research. All of those things necessarily include some jargon because the jargon is used in the documentation that we ultimately report on. However, that being said, it's important that we speak to the constituencies we represent, which are the supply community and the government buy community, and we need to do so in a straightforward manner. I think that within the ombudsman's office we can be more straightforward and more direct in those communications.

In addition, we should look at our internal processes to make sure that we have the right number of people looking at the right issues at the right time. Again, I don't see fundamental change being needed. The office is 10 years old. It's actually a great time to look at it retrospectively, at the last decade. I think the members will agree that the office has done exceptional work in that limited time. My three predecessors have done exceptional work—

Mr. Kelly McCauley: I was going to comment on that. Your temporary predecessor, who was there for a long time, and his assistants did a phenomenal job, and I highly respect them. I hope some of them are still around.

Mr. Alexander Jeglic: Yes, except for Mr. Ieraci himself, who I would concur did a fantastic job, the remaining senior staff all remain in the office under my five-year tenure.

Mr. Kelly McCauley: That's great. I don't have anything else except to say again that, as you're aware, we're doing the small business study, and if you wish to send us a brief, send that and your thoughts ASAP, because we're in the final dying days of that study. We'd appreciate it.

Mr. Alexander Jeglic: Thank you very much.

Mr. Kyle Peterson: By end of day today.

Mr. Kelly McCauley: Yes, by 12:30.

Voices: Oh, oh!

Mr. Kelly McCauley: That's all I have. Again, congratulations. We look forward to working with you and we love what we're hearing so far.

Mr. Alexander Jeglic: Thank you.

The Vice-Chair (Ms. Yasmin Ratansi): Mr. Kelly, do you have any questions?

Mr. Pat Kelly: No, I don't have any questions.

I would echo Mr. McCauley and congratulate you on your appointment. We look forward to seeing and hearing from you again.

Mr. Alexander Jeglic: Thank you.

The Vice-Chair (Ms. Yasmin Ratansi): Mr. Masse, you have seven minutes.

Mr. Brian Masse: Thank you, Madam Chair, and congratulations, sir.

You have a five-year appointment. I don't know how you operate in your personal goals for the workplace. In entering into the job, have you set any goals that you'd like to see at the end of five years? Could you share them?

Mr. Alexander Jeglic: I'm very much focused on a one-, three-, and five-year planning cycle within the five-year mandate. Year one is the strategic aspect: we need tangible deliverables to get us to the five-year marker. Your question is more "what do you expect to see at the end of that five years?"

Mr. Brian Masse: Yes.

Mr. Alexander Jeglic: I think the most tangible for year five is on the ADR side. Currently, we don't have a unit dedicated to a caseload with an expertise necessary for ADR purposes. My plan is to systematically create an increase in the number of ADRs. That's not to say that we're going to create new disputes that require ADR services. It's just a repositioning of how we offer those services within the current environment.

We're currently in the process of building enhanced expertise internally. Simultaneously, we're looking at a plan as to how we can make ADR services more available to a larger community. By year three we expect to see that enhanced caseload, and by year five we anticipate having a unit dedicated to ADR services. That's a tangible outcome from a five-year perspective.

● (1225)

Mr. Brian Masse: How do you think that will benefit staff morale? What is your expectation for the people you're going to drag along on this journey?

Mr. Alexander Jeglic: That's a fair question. To be honest, one of the things that I wanted to do upon taking on the new role was to meet one-on-one with the employees. I've had the chance to meet approximately 75% of the employees. In everything I'm hearing, there's a genuine excitement about the vision that I've laid out. The vision would be consistent with what I've spoken to today, which is simplification, increased transparency, knowledge deepening and sharing, and the ADR growth.

I think one of the most exciting areas is that knowledge deepening perspective, because oftentimes we're limited by the facts of the complaint, so we're not able to do a much broader research position paper, but here, if we develop knowledge deepening and sharing as a fundamental underpinning of how we deliver on our mandate, I think that removes some of the limitations that the facts before us bring. We can get more to the root of the issues that exist so that we can better understand some of those themes that predominate year after year, and then, when we are asked for a position paper on a study, for example, we'll be able to provide that position paper very quickly.

Mr. Brian Masse: Very good.

I have just one other question, really, and it relates to how you can work with other departments to encourage them and to see their performances in terms of the government procurement that gets out through other government departments and agencies. I know that it isn't a direct responsibility, but indirectly we have so many Canadian businesses, especially small and medium-sized ones, that are in touch with other types of departments and agencies and may not know about or have the tools to coach or to provide the best expertise and advice as you discover it. Is anything going to be done along those lines?

I come from an area with an auto sector. We've transitioned a bit to aerospace, medical devices, and other things, but sometimes there's confusion among departments on what's available and what's out there, and that can affect everything.

Mr. Alexander Jeglic: Right, and in that regard, we do touch on a number of departments. We see ourselves very much as a resource. It's about connecting the dots.

If one department is unaware of practices that are available in terms of best practices at other departments, it's our responsibility to make sure that those two departments are speaking to one another. Obviously, PSPC would be a centre of excellence in terms of procurement practices; however, maybe not always best practices in terms of all issues. We would be aware of those through our connection to other departments, and we'd be able to connect those dots.

Mr. Brian Masse: Thank you, Madam Chair. Those are my questions.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you, Mr. Masse.

Mr. Peterson, you have seven minutes.

Mr. Kyle Peterson: Thank you for being here. I'm going to follow up on my questions on the process. Being a lawyer myself and spending some time in litigation in the contract world as well, it's nice to see lawyers land on their feet. I always take pride in the fact that there's always hope for lawyers in our society.

Voices: Oh, oh!

Mr. Kyle Peterson: I look at the role of your office, and I see that it's a many-faceted role. You review complaints on the one hand, and on the other hand you have to review the processes for fairness, etc. The complaints are obviously driven by a complainant. That triggers the process. How do you decide which processes to review for fairness and all of that on the non-complaints side of your mandate?

Mr. Alexander Jeglic: From the procurement practice review standpoint, there's very much an environmental scan approach. It's a detailed metric. Again, I'll just couch this.... I'm in my second week, so I don't want to misstep in terms of how this is actually done. I will say that it's a robust system. They look at a very broad perspective as to whether there have there been audits of departments, what issues are coming up, how recently an audit was performed, whether there are any issues in the news, and what the top five issues are that we've been seeing as an office over one-, three-, and five-year periods.

You map all of that against the matrices of which departments are most often procuring goods. Obviously, to have the most impact, you want to hit those departments that are actually doing the bulk of the procurement. When you have that overlay, you see the matrix, and then, therefore, the reasonableness of those practice reviews is justified by the analytical data.

Mr. Kyle Peterson: That's good to know.

Do you have jurisdiction over every federal department?

Mr. Alexander Jeglic: No, not every federal one—there are a hundred of them—and not CSIS and not the House of Commons and the Senate.

Mr. Kyle Peterson: Okay, but obviously you have broad jurisdiction.

The complaint on the awarding of a contract has a cash threshold, a dollar threshold.

● (1230)

Mr. Alexander Jeglic: That's correct.

Mr. Kyle Peterson: It seems low to me. I don't know if that's your assessment or if in your two weeks on the job you've had a chance to review that. Should the threshold be higher, do you think? Do you have any comments on that?

Mr. Alexander Jeglic: The threshold issue is something that comes up with regularity, but in terms of understanding the interplay between the ombudsman's office and that of the Canadian International Trade Tribunal, the CITT, I think it's very important that they complement one another. It's structured in such a way that you can't "forum-shop". The thresholds put you under the thresholds covered by free trade agreements. Free trade agreements are covered by the CITT, which does a fantastic job at adjudicating those disputes. Therefore, the ombudsman's office is necessarily below those thresholds.

Mr. Kyle Peterson: There would be no overlap. Would there be a situation where someone could even choose one of the forums or not? They'd just have to make that choice, and then they couldn't use the other one.

Mr. Alexander Jeglic: To my knowledge, no.

Mr. Kyle Peterson: Okay. You might be too early in your mandate to know that.

You can review the administration of a contract at any dollar value. What does "administration of the contract" mean for the average Canadian? What does that mean when you read it? Also, what powers does that actually give your office? It seems to me that it could be very broad.

Mr. Alexander Jeglic: Just to clarify your question, are you talking about the third prong?

Mr. Kyle Peterson: I'm not sure which number of prong it is. It's that you can review any complaint with respect to the administration of a contract.

Mr. Alexander Jeglic: Exactly, but that doesn't allow you to look at the terms and conditions of the contract, so it's very limiting in that regard. Really, essentially, what we've found it to be is whether payment has been made or not. It's to compel payment on the part of the—

Mr. Kyle Peterson: It is very narrow, in fact.

Mr. Alexander Jeglic: It is very narrow. That's right.

Mr. Kyle Peterson: It could possibly be broad....

You talked a bit about your independence. You're satisfied with the way the structure is in that it maintains your independence, but you also have to be neutral. What biases, perhaps, or subjective perspectives, do you bring to this role? Also, how do you try to dissociate yourself in that to remain neutral when you're perhaps dealing with competing parties?

Mr. Alexander Jeglic: That's a great question. I think the benefit I have is that I'm not a career bureaucrat coming from PSPC. I think that gives me an opportunity to see the world through a different lens.

Voices: Oh, oh!

Mr. Alexander Jeglic: I meant no disparaging context by that.

From my experience, I believe that I have touched on various perspectives within the procurement process in terms of, one, being in an oversight capacity at PPP Canada, and two, as a doer, an adviser, a drafter, and an evaluator in understanding those issues differently. As an educator at Carleton University, I touched on the HR component. I'm seeing practically what skill sets are being developed versus what the needs are in the procurement world. I do think that there is a gap, so I very much take a practical approach when I teach the course to ensure that the skills of those undergraduate students that are developed actually map towards a career in procurement.

Finally, on the ADR side, at CIDRA, the Chicago International Dispute Resolution Association, I was involved in mediation and arbitration, which I think speaks to the last ADR prong of the mandate.

I really do think.... I'm sorry. I glossed over my Australian trade commission experience, which allowed me to take the role of the supplier and see it through their eyes, because I was assisting them with submissions and bid proposals for U.S. government opportunities at both the federal and the state level.

Mr. Kyle Peterson: You indicated earlier, when I had a chance to ask you a question, that both parties need to agree to go through an ADR process. Do you see that evolving at all as a way of compelling parties to agree? Or do you think the system works fine now?

Mr. Alexander Jeglic: What I'd like to see, to be honest, is to move that process forward to get consent before the dispute arises. Most ADR practitioners would acknowledge the fact that when the dispute arises it's very difficult to gain consent, because then all of a sudden you have a dispute on your hands, so the parties aren't speaking to one another the same way they were at the outset of the contract. If there is a way to import that consent in terms of the contractual language, I think that would be my preference.

Mr. Kyle Peterson: Perhaps consent in that just by bidding on a contract you're consenting to the process or something along those lines...?

Mr. Alexander Jeglic: Exactly.

Mr. Kyle Peterson: I think I'm good, Madam Chair.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you.

Does anybody have any questions?

Mr. Drouin, go ahead.

Mr. Francis Drouin: I may not have five minutes of questions, but one of the complaints we often hear.... Of course, there are those who are not successful and will probably be prone to go to your office. It's like politics. You don't hear politicians complaining that they've had too many votes, but you hear about those who didn't have enough votes.

In terms of the complaints of successful bidders, those who did get a contract, those who are supposed to implement a program or an IT project—God only knows there are many examples we can cite in Canada of failed IT projects—one of the complaints we're hearing is that the way we design contracts is essentially like this: you're buying a Cadillac, but you want to put some wheels on it, so that's going to cost you more, or you want to put a steering wheel on it, and that's going to cost you more. Essentially, these are very basic needs in a contract.

I'm talking about moving away from prescribed contracting or RFPs towards a more outcome-based model, and I'm curious to find out how you would evaluate that. That allows the crown to have a lot more flexibility in terms of who they choose to be their supplier. How do you evaluate that? From your perspective, how would you do that?

Again, congratulations on your new role. You have been there for only two weeks, but I would love to have your thoughts on that. If not now, then I would love to chat in two or three months.

● (1235)

Mr. Alexander Jeglic: What I can do is give you my preliminary thoughts, but I do think the procurement universe is filled with a lot of grey. There is very little black and white, and I think that on an outcome-based procurement you enhance that level of grey. Does that make my job perhaps more difficult in that you're not necessarily taking a darker shade of grey or a lighter shade of grey and now you're squarely in the middle? Does it potentially complicate the role of the ombudsman? Perhaps, right?

Again, it's too early for me to tell, but that is fundamentally my responsibility, and the neutrality of the position requires us to have that lens to make sure those outcomes are fair for both the supply community and the buyer community. But that in and of itself shouldn't be a rationale to not move forward with some of these initiatives, because I think it is important to experiment while in the procurement phase to find alternatives that are perhaps more productive, simpler, and deliver better results.

Mr. Francis Drouin: That's great. I imagine that if the government were to choose to move forward toward more outcome-based models, you would probably be looking at your own experience in other jurisdictions or what other jurisdictions are doing with their procurement ombudsmen.

Mr. Alexander Jeglic: Absolutely, and I have already reached out to my counterpart at the GSA. It's a relationship that I would like to foster, just to better understand from an international perspective how many ombudsmen are in a similar role and what issues they're facing that may be similar or different so that we can bring that experience back to Canada.

Mr. Francis Drouin: That's great. Thank you, and good luck.

Mr. Alexander Jeglic: Thank you.

The Vice-Chair (Ms. Yasmin Ratansi): Mr. McCauley.

Mr. Kelly McCauley: I have one quick question for you.

Mr. Peterson was referring to the cap, the limit. Below that, it goes to you, and above that to dispute resolution.

Mr. Alexander Jeglic: That's right.

Mr. Kelly McCauley: A lot of the contracts awarded throughout Canada for small business, whether it be for construction of this or that, are relatively low but above your threshold, and aren't high enough to go through the much larger—I don't want to call it a "hassle"—procedure of going through the dispute resolution. Is there a middle ground?

Or is there something we need to pursue to make it more accessible, I guess, for small businesses or Canadian businesses to access that—perhaps your office or perhaps the dispute resolution—without going through all the paperwork and all the work—I don't want to call it a hassle—for that larger thing, which might be more appropriate for...? It's as we saw with the lawsuit for the fixed-wing search and rescue.

Mr. Alexander Jeglic: I appreciate the question. I think the answer lies in the fact that just because they don't meet the thresholds for a complaint to the office doesn't mean the office can't provide them additional services. They can still act in a non-formal capacity by engaging the department and involving what I would describe as "facilitation" of a conversation between the department and those purchasers or suppliers.

Mr. Kelly McCauley: How best can we get that information out, then, to our SMEs out there? It's one thing to say that it's on the website. Or if you're sitting around the committee, you now know that. How do we best serve Canadians in letting them know about the great work your office does?

Mr. Alexander Jeglic: I think it's incumbent on the office to continue to promote our activities. We do that through a targeted outreach. We do present ourselves at relevant conferences. We do programming across the country. Again, we try to use social media to the extent possible, and, as you said, there's the website. Those are all various touchpoints that we have and that we continue to look at.

Part of the strategic outlook for the office will be to look at how we can effectively communicate our services so that it does reach a broader audience. Again, I would implore the committee to encourage suppliers who are having issues and coming to your constituency offices and promote the services of the procurement ombudsman's office.

Mr. Kelly McCauley: Thank you very much.

● (1240)

The Vice-Chair (Ms. Yasmin Ratansi): Mr. Jowhari.

Mr. Majid Jowhari: Thank you.

Mr. Jeglic, I congratulate you on your two weeks. I was quite impressed by your background and the depth of your knowledge. Naturally, there's a great fit, and we look forward to your contribution.

I was impressed by the fact that in two weeks on the job you already have a one-year, two-year, and five-year plan, with four priorities, and that you are already looking into growth of ADR as one of your measures after your mandate of five years. Accomplishing all of that in less than two weeks is admirable.

I want to ask you a question. Naturally you must have done some study around available capacity or capacity within your department to be able to deliver on your priorities and a one-year, two-year, and five-year mandate. I'd like to get some feedback around what your thoughts are around the capacity you have to be able to deliver this mandate.

Mr. Alexander Jeglic: Sure. Let me just correct one notion: the one-, three-, and five-year plans are more from a vision perspective. They aren't fully articulated. I don't want to overstep what I have done in two weeks. I have not developed a full one-, three-, and five-year plan. However—

Mr. Majid Jowhari: Take the credit when it's given.

Voices: Oh, oh!

Mr. Majid Jowhari: On the capacity side, can you share your thoughts? Do you have the resources you need?

Mr. Alexander Jeglic: Absolutely, and that's an appreciated question, to be honest. Part of the process of the one-on-one interviews that I'm doing with staff is to assess the competence and skill sets of the existing staff.

I have to say that it's an exceptional calibre of staff. I have a very professional workforce. I feel empowered to make the comments I make due to the information that I've gleaned from the colleagues I work with. I have a very strong senior director cadre. I have a deputy procurement ombudsman who's been in the role. Also, the outgoing interim procurement ombudsman was an effective and exceptional leader, so I step into a very strong organization.

Mr. Majid Jowhari: How big is your department?

Mr. Alexander Jeglic: It's actually fewer sub-30 people, so there are between 25 and 30, depending on the time.

Mr. Majid Jowhari: In a 2016-17 report by the interim procurement ombudsman, he cited the fact there is a shortage of procurement capacity. He highlighted it as one of the major concerns. Has he shared that concern with you?

Mr. Alexander Jeglic: Perhaps the procurement capacity was not associated with the office itself, but rather with the broader community. It's one of the struggles that the procurement world lives with, in that in terms of the level of procurement expertise within the departments that are actually doing the procuring themselves, that's where there is a lack of capacity, not within the procurement office itself.

Mr. Majid Jowhari: Okay. You're set in having the resources needed to be able to do your job?

Mr. Alexander Jeglic: Yes. We're currently looking to gain additional procurement expertise, but that is coming.

Mr. Majid Jowhari: Your fourth priority was around knowledge building and knowledge sharing. You also touched on that as it comes to disputes. You want to make sure that the resources within the department have that knowledge. What are your thoughts, plans, or visions on that specific fourth priority?

Mr. Alexander Jeglic: On a yearly basis, as part of the annual report to Parliament, we identify the issues that have come up most frequently, based on the touchpoints we have. For the most recent fiscal year, we had 411 touchpoints. Those are instances where people have reached out to the procurement ombudsman's office. We categorize those by issue. Once we have identified those issues, we see the prevailing themes.

From the knowledge development and sharing perspective, our goals are to find those root issues that are repetitive issues that the procurement ombudsman's office continues to see. As I explained, sometimes when we're reviewing complaints we're limited by the facts of the complaint, and therefore are not able to broaden the research available on those points, but only to address the issue at hand.

What knowledge development and sharing will do is allow a deeper understanding. In the coming months, we hope to develop what those three to five research papers will look like in terms of topics for research. Then, of those three to five, we'll see which ones have the additional depth and information available to be able to do a deeper dive. We anticipate, in year one, to do one or two deep dives on these issues that are recurring themes that we see as an office.

To promote the 10-year anniversary, we also hope to publish a 10-year review as to what we've seen as an office over that 10-year period. We think that actually creates a "lessons learned" type of document that will be useful both to the supply community and to government buyers alike.

Mr. Majid Jowhari: Wow. Thank you.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you very much.

Thank you, Mr. Jeglic, and congratulations on your appointment.

Thank you, committee members, for asking good questions.

The meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its Committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its Committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: http://www.ourcommons.ca

Publié en conformité de l'autorité du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante : http://www.noscommunes.ca